

**OFFICE OF ENTERPRISE COMPLIANCE
QUARTERLY REPORT ON 2010 PLANNED ACTIVITIES
SECOND QUARTER**

I. INVESTMENTS BUSINESS LINE**Activities and Goals for the Upcoming Year and Current Status**

| | Planned Activity | Target Date | Q1 10 | Q2 10 | Q3 10 | Q4 10 |
|------------|--|--------------------|--------------|--------------|--------------|--------------|
| I-1 | ECOM will work with Real Estate Asset Class staff to create a robust working relationship that includes monitoring of INVO activities. | Ongoing | ● | ● | | |
| I-2 | ECOM and INVO will continue to research and review available automated tools for commodity and investment compliance. | Ongoing | ● | ● | | |
| I-3 | ECOM will partner with Real Estate Asset Class staff to complete deployment of Phase 1 of AREIS and begin planning and discussion for development of Phase 2. | Ongoing | ● | ● | | |
| I-4 | ECOM and INVO will partner to develop procedures for monitoring the use of derivatives and develop related policies and procedures across asset classes. | Ongoing | ● | ● | | |
| I-5 | INVO, working with ECOM and LEGO will develop written procedures for the Commodities, Forestland, and Infrastructure programs. | Ongoing | ● | ● | | |
| I-6 | ECOM and INVO will perform ongoing monitoring of the Corporate Governance automated proxy voting platform and conducting periodic review of proxy voting records and trends. | Ongoing | ● | ● | | |
| I-7 | ECOM will continue to monitor and report Fixed Income and Global Equity compliance violations. | Ongoing | ● | ● | | |

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II. Health Business Line

Activities and Goals for the Upcoming Year and Current Status

| | Planned Activity | Target Date | Q1 10 | Q2 10 | Q3 10 | Q4 10 |
|------------|--|--------------------|--------------|--------------|--------------|--------------|
| H-1 | Engage in enhanced outreach efforts to provide HBB staff with improved compliance-related tools, resources and assistance. | Ongoing | ● | ● | | |
| H-2 | Work with HBB to identify and prioritize processes that require compliance monitoring. | Ongoing | ● | ● | | |
| H-3 | Identify applicable laws, rules, regulations, and policies that apply to the health business line, and update the HBB regulatory matrix and Governance Framework as appropriate. | Ongoing | ● | ● | | |
| H-4 | Continue to research tools and best practices to monitor and report on compliance activities in the health business line. | Ongoing | ● | ● | | |
| H-5 | Continue to provide education and outreach through compliance and ethics training for HBB staff. | Ongoing | ● | ● | | |
| H-6 | The Health CAM will attend health-related compliance conferences to learn “best practices” and compliance tools. | Ongoing | ● | ● | | |

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III. Pension Business Line



















Activities and Goals for the Upcoming Year and Current Status

| | Planned Activity | Target Date | Q1 10 | Q2 10 | Q3 10 | Q4 10 |
|------------|---|--------------------|--------------|--------------|--------------|--------------|
| P-1 | ECOM will engage in enhanced outreach efforts to provide MBSB staff with improved compliance-related tools, resources, and assistance. | Ongoing | ● | ● | | |
| P-2 | ECOM will continue to work with the pension business line to assess risk of noncompliance with policies, rules, and regulations and determine compliance exposures. | Ongoing | ● | ● | | |
| P-3 | ECOM will create monitoring and reporting tools for pension and retirement compliance. | Ongoing | ● | ● | | |

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IV. ENTERPRISE BUSINESS LINE

Activities and Goals for the Upcoming Year and Current Status

| | Planned Activity | Target Date | Q1 10 | Q2 10 | Q3 10 | Q4 10 |
|-----|---|----------------|---|---|-------|-------|
| E-1 | ECOM will create and recruit Enterprise CAMs to address enterprise-support compliance issues and assist with workload related to the GRMI. NOTE: Due to budgetary constraints, ECOM has not been able to move forward on this item. | Fourth Quarter |  |  | | |
| E-2 | Upon approval of Executive Management and in collaboration with Audits, continue efforts to develop an Ethics Help-Line for complaints. Include issue escalation and reporting process. | Fourth Quarter |  |  | | |
| E-3 | Partner with Office of Audit Services (OFAS) and Information Security Office (ISOF) to ensure risk assessment activities are appropriately integrated and coordinated. | Ongoing |  |  | | |
| E-4 | Assist Enterprise efforts to identify all security and privacy activities that may impact the security and confidentiality of CalPERS physical, informational, or financial assets. | Ongoing |  |  | | |
| E-5 | Continue to review existing policies in compliance with applicable laws and rules for Enterprise business lines. | Ongoing |  |  | | |
| E-6 | Review previous audit reports of Enterprise business lines. | Ongoing |  |  | | |
| E-7 | Research and model “best practices” and tools in compliance for related lines of business. | Ongoing |  |  | | |
| E-8 | ECOM will issue compliance bulletins on an as needed basis on new compliance-related developments that need to be communicated to affected employees. | Ongoing |  |  | | |
| E-9 | Enhance CalPERS online training tools to reinforce compliance education and awareness. | Ongoing |  |  | | |